

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

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| IN THE MATTER OF THE APPLICATION BY |) | DECISION AND ORDER |
| OTTER TAIL POWER COMPANY ON BEHALF |) | APPROVING STIPULATION |
| OF SEVEN REGIONAL UTILITIES FOR A |) | AND GRANTING PERMIT TO |
| PERMIT TO CONSTRUCT 5.45 MILES OF 230 |) | CONSTRUCT |
| KV TRANSMISSION LINE, 33 MILES OF 345 |) | TRANSMISSION FACILITIES |
| KV TRANSMISSION LINE, THE BIG STONE |) | |
| 345 KV SUBSTATION AND MODIFICATION OF |) | EL06-002 |
| THE BIG STONE 230 KV SUBSTATION |) | |

On January 17, 2006, Otter Tail Power Company, on behalf of seven regional utilities (Applicants) - Otter Tail Power Company, Central Minnesota Municipal Power Agency, Great River Energy, Heartland Consumers Power District, Montana-Dakota Utilities Co., Southern Minnesota Municipal Power Agency, and Western Minnesota Municipal Power Agency (as represented by Missouri River Energy Services) filed an application for a permit to construct transmission lines and associated facilities in Grant and Deuel Counties in South Dakota. The applicants seek a Construction Permit designating a route and authorizing construction of three new transmission lines in South Dakota. Two lines would be constructed to 230 kV standards and would run from the Big Stone 230 kV Substation to a new Big Stone 345 kV Substation, with one 230 kV line continuing on to the Morris Substation near Morris, Minnesota, a distance of approximately 48 miles. Approximately 5.45 miles of new 230 kV line would be built in South Dakota. The third line would be constructed for future 345 kV operation but initially be operated at 230 kV and would run from the new Big Stone 345 kV Substation to the Granite Falls Substation in Granite Falls, Minnesota, a distance of approximately 90 miles, 33 miles of which are in South Dakota. In addition, modification of the existing Big Stone 230 kV Substation and existing transmission facilities and construction of a new Big Stone 345 kV Substation will also be required as part of the project.

On January 19, 2006, the Commission electronically transmitted notice of the filing to interested individuals and entities. Applications for Party Status were due by March 20, 2006. On March 13, 2006, the Commission received an Application for Party Status from the City of Gary. By order dated April 25, 2006, the Commission granted party status to the City of Gary. A public input hearing was held as scheduled on March 2, 2006, in Reville, South Dakota. On December 20, 2006, the Commission received a Stipulation entered into by the Applicants, the City of Gary and Commission Staff. The Stipulation set forth Findings of Fact, Conclusions of Law, and Terms and Conditions.

At its January 2, 2007, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-41B, specifically 49-41B-1, 49-41B-2, 49-41B-2.1, 49-41B-4, 49-41B-11, 49-41B-12, 49-41B-13, 49-41B-15, 49-41B-16, 49-41B-17, 49-41B-17.1, 49-41B-21, 49-41B-22, 49-41B-25, 49-41B-26, 49-41B-33, 49-41B-38, and ARSD Chapter 20:10:22. The Commission voted to approve the Stipulation and accept the Findings of Fact, Conclusions of Law, and Terms and Conditions. By approving the Stipulation, the Commission grants Applicants' application for a permit to construct transmission facilities, subject to the Findings of Fact, Conclusions of Law, and Terms and Conditions listed in the Stipulation.

It is therefore

ORDERED, that the Stipulation entered into by the Applicants, the City of Gary, and Commission Staff on December 20, 2006, shall be approved and shall be incorporated by reference into this Decision and Order the same as if it had been set forth in its entirety herein; and it is

FURTHER ORDERED, that Applicants are granted a permit to construct the transmission facilities, subject to the Findings of Fact, Conclusions of Law, and Terms and Conditions listed in the Stipulation.

Dated at Pierre, South Dakota, this 16th day of January, 2007.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Melaine Kolbo

Date: 1/17/07

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Dustin M. Johnson
DUSTIN M. JOHNSON, Chairman

Gary Hanson
GARY HANSON, Commissioner

Steve Kolbeck
STEVE KOLBECK, Commissioner